



WASTE MANAGEMENT

Public Affairs

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Clerk of the Board California Air Resources Board
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Electronically submitted at: <http://www.arb.ca.gov/lispub/comm/bclist.php>

Subject: Proposed Amendments To The Regulation For The Mandatory Reporting Of Greenhouse Gas Emissions *Amend Division 3, Chapter 1, Subchapter 10, Article 2, Sections 95101, 95102, 95103, 95104, 95111, 95112, 95113, 95114, 95115, 95119, 95121, 95122, 95124, 95130, 95131, 95132, 95133, 95152, 95153, 95156, 95157, And Appendix A, Title 17 California Code Of Regulations*

Dear California Air Resources Board:

On behalf of Waste Management (WM), I am submitting comments on the Proposed Amendments (Amendments) to the Regulations For The Mandatory Reporting of Greenhouse Gas Emissions (MRR) CARB issued July 29, 2014 for public comment. We appreciate the opportunity to submit these comments on the Amendments. The proposed changes can have a significant impact on development of the beneficial use of biomethane -- one of California's cleanest transportation fuels -- if the Amendments, as proposed, subject biomethane producers who do not deliver to the bulk/terminal system to substantial reporting requirements.

WM is the leading provider of comprehensive waste management and environmental services in North America. The company serves approximately 20 million municipal, commercial, industrial and residential customers through a network of 390 collection operations, 294 transfer stations, 266 active municipal solid waste (MSW) landfill disposal sites, 121 recycling facilities, 34 organic processing facilities and 131 beneficial-use landfill gas projects. Many of these facilities operate in California.

Newly proposed Sections 95101 and 95121 revise MRR applicability for fuel suppliers from those who import petroleum to any and all suppliers of transportation fuels -- including those producing biomass-derived fuels -- and require reporting of emissions

greater than 10,000 tons CO₂e annually by those suppliers that “produce or deliver transportation fuel outside the bulk/terminal system.”

Emissions from biofuel facilities are calculated in accordance with Section 95212, Table 1, page 33, that lists biodiesel and renewable diesel. Renewable diesel has an equivalent emission factor of Distillate No. 2, as amended by the proposal. Biodiesel has a CH₄ emission factor of 2 g/bbl and N₂O factor of 1 g/bbl. Biodiesel and renewable diesel are listed on Table 1, but there is no specific listing for biomethane.

Despite the lack of listing biomethane in Table 1, we are concerned that the proposed changes to the MRR could subject biomethane suppliers who deliver outside the bulk/transfer system – such as delivery for internal company use – to costly and burdensome reporting.

For example, WM’s Altamont LNG plant is the most successful commercial scale facility of its kind that generates transportation fuel from landfill gas biomethane. Built in 2009, the facility is a joint venture between Waste Management and Linde North America. The plant is designed to produce 13,000 gallons of clean-burning natural gas daily – enough to power nearly 300 WM collection vehicles in California every day. Although commercial in scale, it provides fuel only for use within Waste Management Fleet of California natural gas heavy-duty vehicles.

Use of this near-zero carbon fuel eliminates nearly 30,000 tons of carbon dioxide emissions annually. According to the ARB, it is the lowest carbon intensity fuel available today. Converting landfill gas to a green alternative to fossil fuel is the ultimate closed-loop approach to managing historic waste streams while significantly lowering greenhouse gas emissions from the transportation sector.

WM plans to expand its production of transportation fuels from landfill gas for use in its collection fleets, including use of biomethane produced from its own landfills and biogas delivered from other landfill sources outside California.

The proposed Amendments appear to subject Altamont, and any other project like it, to registration, reporting and verification of emissions from its clean fuel. The Amendments add to the costs and, in doing so, will hinder development of a clean fuel that already faces severe obstacles to development.

As the ARB is aware, the California Public Utility Commission (CPUC) completed its first phase of a rulemaking to set standards for pipeline injection of biomethane, including requirements for testing, monitoring and controlling 17 constituents of concern, as well as a 990 BTU heating content requirement that, taken together, are virtually cost-prohibitive if paid solely by the biomethane generator. While the CPUC currently is determining allocation of development, interconnect and other costs of

biomethane development, it is important to point out that the standards could result in very little production of biomethane within California for use in California.

Biomethane faces additional hurdles with regard to agency support for its use, despite clear support from the legislature in its passage of AB 1900. For example, a recent solicitation by the Electric Program Investment Charge (EPIC) specifically excludes pipeline biomethane in its \$27 million “Demonstrating Bioenergy Solutions the Support California Industries, the Environment and the Grid (PON 14-305)” and points instead to the Public Interest Energy Research (PIER) program for funding despite no announced intension by PIER or AB 118 to offer support. In fact, our inquiries with regard to PIER or AB 118 funding have met with silence and there is no discussion of biomethane on PIER or AB 118 websites.

For these reasons, we urge ARB to make clear an exclusion from reporting requirements all biomethane-based transportation fuels generated by non-fossil fuel suppliers not otherwise subjected to the Cap and Trade rules and delivered for use by entities not otherwise subject to the rule or for internal consumption by such entities.

In particular, we ask that the ARB adopt the following changes to the amended MRR (see **bolded text**):

In subsection (c) of Section 95101 titled “Fuel and Carbon Dioxide Suppliers”:

(c) The suppliers listed below, as defined in section 95102(a), are required to report under this article when they produce, import and/or deliver an annual quantity of fuel that, if completely combusted, oxidized, or used in other processes, would result in the release of greater than or equal to 10,000 metric tons of CO₂e in California, unless otherwise specified in this article:

(1) Position holders at terminals and refiners delivering petroleum fuels and/or biomass-derived fuels, as described in section 95121;

(2) Enterers that import transportation petroleum fuels outside the bulk transfer/terminal system, as described in section 95121, and biofuel production facilities that produce and deliver transportation fuels outside the bulk/terminal system, as described in section 95121;

(3) Nothing in this Section 95101 shall be interpreted to include generators or suppliers of biomethane in the definition of biofuel production facilities, supplier or importer of transportation fuels for purposes of reporting.

Further, we recommend the following amended language to Section 95121(a)(2) (see **bolded text**):

*(2) Refiners, position holders of fossil fuels and biomass-derived fuels that supply fuel at California terminal racks, and enterers that import transportation fuels outside the bulk transfer/terminal system, and biofuel production facilities that produce and deliver biomass-derived fuels outside the bulk transfer/ terminal system in California ~~of fossil fuels~~ must report the CO₂, CO₂ from biomass-derived fuels, CH₄, N₂O, and CO₂e emissions that would result from the complete combustion or oxidation of each Blendstock, Distillate Fuel Oil or biomass-derived fuel (Biomass-Based Fuel and Biomass) listed in Table 2 of this section. However, reporting is not required for fuel in which a final destination outside California, **biomethane**, or where a use in exclusively aviation or marine applications can be demonstrated. No fuel shall be reported as finished fuel. Fuels must be reported as the individual Blendstock, Distillate Fuel Oil or biomass-derived fuel listed in Table 2 of this section. For purposes of this article, CARBOB blendstocks are reported as RBOB blendstocks.*

Thank you for your consideration of our comments.

Respectfully submitted,



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